

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Burdell Township	County Osceola
Audit Date 3/31/05	Opinion Date 6/7/05	Date Accountant Report Submitted to State: September 28, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

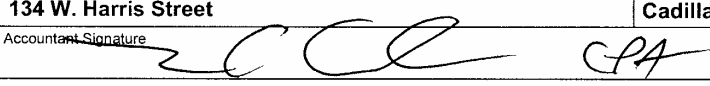
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
		ZIP 49601	
Accountant Signature 		Date 9/28/05	

BURDELL TOWNSHIP, OSCEOLA COUNTY

TUSTIN, MICHIGAN

MARCH 31, 2005

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

MARCH 31, 2005

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-viii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities	7
Notes to Financial Statements	8-18
Required Supplementary Information	
Budgetary Comparison Schedule - Major Governmental Funds	19-20
Major Governmental Funds	
<u>General Fund</u>	
Balance Sheet	21
Statement of Revenues, Expenditures and Changes in Fund Balance	22
Analysis of Revenues	23
Analysis of Expenditures	24-27
<u>Special Revenue Funds</u>	
Combining Balance Sheet	28
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	29
Agency Fund	
Statement of Changes in Assets and Liabilities	
Current Tax Collection Fund	30

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

MARCH 31, 2005

TABLE OF CONTENTS

	<u>PAGES</u>
Other Information	
Statement of 2004 Tax Roll	31-32
Letter of Comments and Recommendations	33-34
Letter of Reportable Conditions	35-36

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2005

INDEPENDENT AUDITORS' REPORT

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, of Burdell Township, Osceola County, Tustin, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, of Burdell Township, Osceola County, Tustin, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of April 1, 2004.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on pages 19 and 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burdell Township, Osceola County, Tustin, Michigan's basic financial statements. The combining and individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Burdell Township, a general law township located in Osceola County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Burdell Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2005.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$149,080. Of this amount, \$30,807 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$56,780 an increase of \$31,097 in comparison with the prior year. About 52% is available for spending at the Township's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2005 for Burdell Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Fund Financial Statements

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$149,080 at March 31, 2005, meaning the Township's assets were greater than its liabilities by this amount.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Burdell Township
Net Assets as of March 31, 2005

	<u>Governmental Activities</u>
Assets	
Current Assets	\$ 71,222
Non Current Assets	
Capital Assets	133,845
Less: Accumulated Depreciation	<u>(42,804)</u>
Total Non Current Assets	<u>91,041</u>
Total Assets	<u><u>\$ 162,263</u></u>
Liabilities	
Total Liabilities	<u>\$ 13,181</u>
Net Assets	
Invested in Capital Assets, Net Related Debt	91,041
Restricted for Specific Purposes	27,232
Unrestricted	<u>30,807</u>
Total Net Assets	<u>149,080</u>
Total Liabilities and Net Assets	<u><u>\$ 162,261</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$30,807 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$28,752 or 23.9% in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Burdell Township
Change in Net Assets
for the Fiscal Year Ended March 31, 2005

	<u>Governmental Activities</u>
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$ 250
General Revenues	
Taxes	179,681
Licenses and Permits	2,700
State Shared Revenue	70,998
Unrestricted Investment Earnings	18
Other	<u>6,093</u>
Total Revenues	\$ <u>259,740</u>
<u>Expenses</u>	
Legislative	\$ 19,429
General Government	69,792
Public Safety	58,472
Public Works	32,637
Community and Economic Development	11,321
Recreation and Cultural	28,128
Other Functions	7,605
Unallocated Depreciation	<u>3,604</u>
Total Expenses	\$ <u>230,988</u>
Changes in Net Assets	28,752
NET ASSETS – Beginning of Year	<u>120,328</u>
NET ASSETS – End of Year	\$ <u><u>149,080</u></u>

Governmental Activities

During the fiscal year ended March 31, 2005, the Township's net assets increased by \$28,752 or 23.9% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

The most significant part of the revenue for all governmental activities of Burdell Township comes from property taxes. The Township levied millages for fire protection, library operations and road and bridge maintenance, in addition to the operating millages, this fiscal year. The Township levied .8684 mills for operating purposes, 1.8945 mills for fire protection, 1.0000 mills for library operations, and 2.0000 mills for road and bridge maintenance.

Business-Type Activities

The Township does not maintain any Business-Type Activities.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Burdell Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Burdell Township's governmental funds reported combined ending fund balances of \$56,780. Approximately 52% of this total amount (\$29,548) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

General Fund – The General Fund increased its fund balance by \$3,965 which brings the fund balance to \$29,648. Of the General Fund's fund balance, \$29,548 is unreserved while \$100 is reserved for cemetery perpetual care. Various General Fund functions ended the year with expenditures above budgeted amounts. The differentials were funded by greater than anticipated revenues and available fund balance. State shared revenues decreased from the prior year. This resulted from the State Actions in response to the economic slowdown experienced throughout the State of Michigan.

Fire Fund – The Fire Fund has an unchanged fund balance of \$0.

Library Fund – The Library Fund has an unchanged fund balance of \$0.

Road and Bridge Fund – The Township established the Road and Bridge fund during fiscal year 2004-2005 to provide for repairs and maintenance of the roads and bridges in the township. The Township levied a road millage on the 2004 tax roll that resulted in \$56,305 in tax related revenues during the current fiscal year. The fund balance at the end of the year was \$27,132.

Proprietary Fund The Township does not maintain any proprietary funds.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2005 amounted to \$91,041 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$500 individually (for purchases after March 31, 2004) and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Burdell Township
Capital Assets as of March 31, 2005

	Governmental Activities
Land	\$ 22,000
Buildings	80,763
Land Improvements	19,704
Furniture and Fixtures	680
Machinery and Equipment	<u>10,698</u>
	133,845
Less Accumulated Depreciation	<u>42,804</u>
Net Capital Assets	\$ <u>91,041</u>

Long-Term Debt The Township does not have any long-term debt.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Burdell Township at P.O. Box 144, Tustin, MI 49688.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash	\$ 35,865
Receivables	
Taxes	22,456
External Party (Fiduciary Fund)	773
Due from Other Governments	10,530
Prepaid Expenses	1,598
	<hr/>
Total Current Assets	71,222
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	22,000
Buildings	80,763
Land Improvements	19,704
Furniture and Fixtures	680
Machinery and Equipment	10,698
	<hr/>
	133,845
Less Accumulated Depreciation	42,804
Net Capital Assets	91,041
	<hr/>
TOTAL ASSETS	\$ 162,263
	<hr/> <hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 1,419
Due to Other Governments	10,025
Payroll Deductions Payable	1,739
	<hr/>
Total Current Liabilities	13,183
	<hr/>
TOTAL LIABILITIES	13,183
	<hr/>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	91,041
Restricted for Road and Bridge Maintenance	27,132
Restricted for Cemetery Perpetual Care	100
Unrestricted	30,807
	<hr/>
TOTAL NET ASSETS	\$ 149,080
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			TOTAL GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 19,429	\$ 0	\$ 0	\$ 0	\$ (19,429)
General Government	69,792	250	0	0	(69,542)
Public Safety	58,472	0	0	0	(58,472)
Public Works	32,637	0	0	0	(32,637)
Community and Economic Development	11,321	0	0	0	(11,321)
Recreation and Cultural	28,128	0	0	0	(28,128)
Other Functions	7,605	0	0	0	(7,605)
Unallocated Depreciation	3,604	0	0	0	(3,604)
Total	\$ 230,988	\$ 250	\$ 0	\$ 0	(230,738)
<u>GENERAL REVENUES</u>					
Taxes					179,681
Licenses and Permits					2,700
State Shared Revenue					70,998
Unrestricted Investment Earnings					18
Other					6,093
Total General Revenues					259,490
Change in Net Assets					28,752
NET ASSETS - Beginning of Year					120,328
NET ASSETS - End of Year					\$ 149,080

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
MARCH 31, 2005

	GENERAL FUND	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTALS
<u>ASSETS</u>					
Cash	\$ 15,644	\$ 0	\$ 0	\$ 20,221	\$ 35,865
Taxes Receivable	4,474	6,960	3,674	7,348	22,456
Due from Other Governments	10,530	0	0	0	10,530
Due from Other Funds	773	0	0	0	773
Prepaid Expenditures	1,598	0	0	0	1,598
TOTAL ASSETS	<u>\$ 33,019</u>	<u>\$ 6,960</u>	<u>\$ 3,674</u>	<u>\$ 27,569</u>	<u>\$ 71,222</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,419	\$ 0	\$ 0	\$ 0	\$ 1,419
Due to Other Governments	23	6,546	3,456	0	10,025
Payroll Deductions Payable	1,739	0	0	0	1,739
Deferred Revenue	190	414	218	437	1,259
Total Liabilities	<u>3,371</u>	<u>6,960</u>	<u>3,674</u>	<u>437</u>	<u>14,442</u>

FUND BALANCE

Reserved for:					
Road and Bridge Maintenance	0	0	0	27,132	27,132
Cemetery Perpetual Care	100	0	0	0	100
Unreserved					
Undesignated	29,548	0	0	0	29,548
Total Fund Balance	<u>29,648</u>	<u>0</u>	<u>0</u>	<u>27,132</u>	<u>56,780</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 33,019</u>	<u>\$ 6,960</u>	<u>\$ 3,674</u>	<u>\$ 27,569</u>	<u>\$ 71,222</u>
---------------------------------------	------------------	-----------------	-----------------	------------------	------------------

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2005

Total Fund Balance for Governmental Funds	\$	56,780
---	----	--------

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	22,000	
Buildings	80,763	
Land Improvements	19,704	
Furniture and Fixtures	680	
Machinery and Equipment	10,698	
Accumulated Depreciation	<u>(42,804)</u>	91,041

Other long-term assets are not available to pay for current period
expenditures and therefore are not reported in the funds.

Personal Property Taxes Receivable		<u>1,259</u>
------------------------------------	--	--------------

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>149,080</u></u>
---------------------------------------	----	-----------------------

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2005

	GENERAL FUND	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTALS
<u>REVENUES</u>					
Taxes	\$ 39,952	\$ 54,037	\$ 28,128	\$ 56,305	\$ 178,422
Licenses and Permits	2,700	0	0	0	2,700
State Grants	70,998	0	0	0	70,998
Interest and Rents	268	0	0	0	268
Other Revenues	6,093	0	0	0	6,093
Total Revenues	120,011	54,037	28,128	56,305	258,481
<u>EXPENDITURES</u>					
Legislative	19,429	0	0	0	19,429
General Government	69,792	0	0	0	69,792
Public Safety	4,435	54,037	0	0	58,472
Public Works	3,464	0	0	29,173	32,637
Community and Economic Development	11,321	0	0	0	11,321
Recreation and Cultural	0	0	28,128	0	28,128
Other Functions	7,605	0	0	0	7,605
Total Expenditures	116,046	54,037	28,128	29,173	227,384
Net Change in Fund Balance	3,965	0	0	27,132	31,097
<u>FUND BALANCE -</u>					
Beginning of Year	25,683	0	0	0	25,683
<u>FUND BALANCE -</u>					
End of Year	\$ 29,648	\$ 0	\$ 0	\$ 27,132	\$ 56,780

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2005

Net Change in Fund Balance - Total Governmental Funds	\$ 31,097
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(3,604)
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.	
Personal Property Taxes Receivable	<u>1,259</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 28,752</u></u>

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MARCH 31, 2005

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 773
<u>LIABILITIES</u>	
Due to Other Funds	\$ 773

The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Burdell Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

During fiscal year 2005, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Burdell Township reports the following major governmental funds:

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Road and Bridge Fund* accounts for revenue sources that are legally restricted to expenditures for road and bridge development and improvements.

The *Library Fund* accounts for revenue sources that are legally restricted to expenditures for library use.

Additionally Burdell Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition. The Township in its investment policy adopted September 8, 1999, authorizes the Township Treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County and school taxes are levied and due December 1, and become delinquent after February 28. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. The Township's portion of delinquent property taxes

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

receivable is recognized as an asset. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2004 taxable valuation of the Burdell Township totaled \$28,373,138. The levy was for the following purposes:

Operating	.8684
Fire	1.8945
Library	1.0000
Road	2.0000
	<hr/>
	5.7629
	<hr/>

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	25
Public domain infrastructure	50
Vehicles	4
Equipment	4

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

Burdell Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Restatement/Reclassifications

Beginning fund balances have been restated for the General Fund to correctly reflect the impact of implementing GASB 34. The fund statements are now presented using the modified accrual basis of accounting rather than the cash basis of accounting which was utilized in prior years.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on March 24, 2004, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

B. Funds with Expenditures in Excess of Appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Legislative	\$ 18,700	\$ 19,429
Election	4,000	4,025
Assessor	19,000	19,353
Library Fund	25,500	28,128

These overages were funded by greater than anticipated revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits are owned by several of the Township's funds. All bank deposits are in Lake Osceola State Bank. At year-end, the carrying amount of the Township's deposits was \$36,638 and the bank balance was \$37,298. The Township's deposits were entirely covered by Federal depository insurance.

The Township's investments are categorized in the following schedule to give an indication of the level of risk assumed by the entity at year end.

- Category 1 - Investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name.
- Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank), or agent in the Township's name.
- Category 3 - Uninsured and unregistered investments for which the securities are held by the broker, dealer, or agent but not in the Township's name.

The Township does not have any investments subject to classification.

A reconciliation of cash and investments follows:

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

	<u>PRIMARY GOVERNMENT</u>
Carrying amount of Deposits	\$ <u>36,638</u>
Government-wide Statement of Net Assets	
Cash	\$ 35,865
Statement of Fiduciary Net Assets	
Cash	<u>773</u>
Total	\$ <u>36,638</u>

B. Receivables

Receivables as of year end for the government's individual major funds are as follows:

	<u>General</u>		<u>Fire</u>		<u>Library Street</u>		<u>Road and Bridges</u>		<u>Total</u>
Receivables									
External Party									
(Fiduciary Fund)	\$ 773		\$ 0		\$ 0		\$ 0		\$ 773
Taxes	4,474		6,960		3,674		7,348		22,456
	<u>\$ 5,247</u>		<u>\$ 6,960</u>		<u>\$ 3,674</u>		<u>\$ 7,348</u>		<u>\$ 23,229</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

	<u>Deferred Revenue</u>	
	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 190	\$ 0
Delinquent property taxes receivable (Fire Fund)	414	0
Delinquent property taxes receivable (Library Fund)	218	0
Delinquent property taxes receivable (Road and Bridge Fund)	437	0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Capital assets, being depreciated				
Buildings	\$ 80,763	\$ 0	\$ 0	\$ 80,763
Land Improvements	19,704	0	0	19,704
Furniture and Fixtures	680	0	0	680
Machinery and Equipment	10,698	0	0	10,698
Total capital assets, being depreciated	\$ 111,845	\$ 0	\$ 0	111,845
Less accumulated depreciation for:				
Buildings	\$ 26,966	\$ 1,641	\$ 0	\$ 28,607
Land Improvements	4,294	394	0	4,688
Furniture and Fixtures	340	170	0	510
Machinery and Equipment	7,600	1,399	0	8,999
Total accumulated depreciation	\$ 39,200	\$ 3,604	\$ 0	\$ 42,804
Total capital assets, being depreciated, net	\$ 72,645	\$ (3,604)	\$ 0	\$ 69,041
Governmental activities capital assets, net	\$ 94,645	\$ (3,604)	\$ 0	\$ 91,041

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Unallocated Depreciation \$ 3,604

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2005.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at March 31, 2005, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 773	\$ 0
Fiduciary Funds		
Current Tax Collection Fund	0	773
	<u>\$ 773</u>	<u>\$ 773</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

No interfund transfers occurred during the fiscal year ended March 31, 2005.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

General Fund

Cemetery Perpetual Care \$ 100

Special Revenue Funds

Road and Bridge Fund

Road and Bridge Maintenance 27,132

TOTAL FUND BALANCE

RESERVES AND DESIGNATIONS \$ 27,232

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

IV. OTHER INFORMATION

A. Fire Fund

The Fire Fund as reposted in these financial statements shows the transactions of the Township Fire Fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the Fire Fund before being sent to the Tustin Area Fire District. The payments are being sent to the Tustin Area Fire District directly from the Current Tax Collection Fund and from the General Fund due to the substantial savings of time and bookkeeping procedures.

B. Library Fund

The Library Fund as report in these financial statements shows the transactions of the Township Library Fund as they would have occurred if all Library monies received for current and delinquent taxes were sent to the Library Fund before being sent to the Tustin Community Library. The payments are being sent to the Tustin Community Library directly from the Current Tax Collection Fund and from the General Fund due to substantial savings of time and bookkeeping procedures.

C. Joint Fire District

The Township is a member of the Tustin Area Fire District. The Fire District is a joint venture of Burdell, Dover and Sherman Townships created to provide fire protection for the member townships. Burdell Township levies 1.8945 mills to support the Fire District. The following financial information was taken from the Fire District's February 29, 2004, audited financial statements:

Total Assets	\$ 712,661
Investment in Fixed Assets	619,449
Balance - Unreserved	93,212
Total Receipts	110,587
Total Disbursements	61,890
Loan Payment	28,179
Net Increase (Decrease) in Fund Balance	20,518

A copy of these audited financial statements may be obtained upon request from the Fire District treasurer.

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

E. Property Tax Administration Fee

The Township passed a resolution to charge 1% administration fee on all ad valorem taxes levied. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	GENERAL FUND				FIRE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>								
Taxes	\$ 93,400	\$ 38,250	\$ 39,952	\$ 1,702	\$ 55,000	\$ 55,000	\$ 54,037	\$ (963)
Licenses and Permits	6,000	6,000	2,700	(3,300)	0	0	0	0
State Grants	75,000	75,000	70,998	(4,002)	0	0	0	0
Interest and Rents	800	800	268	(532)	0	0	0	0
Other Revenues	10,000	8,250	6,093	(2,157)	0	0	0	0
Total Revenues	185,200	128,300	120,011	(8,289)	55,000	55,000	54,037	(963)
<u>EXPENDITURES</u>								
Legislative	18,700	18,700	19,429	(729)	0	0	0	0
General Government								
Supervisor	10,500	10,500	6,727	3,773	0	0	0	0
Elections	2,000	4,000	4,025	(25)	0	0	0	0
Assessor	15,000	19,000	19,353	(353)	0	0	0	0
Clerk	10,500	10,500	10,279	221	0	0	0	0
Board of Review	2,000	2,000	1,733	267	0	0	0	0
Treasurer	18,300	18,300	13,164	5,136	0	0	0	0
Building and Grounds	11,000	11,000	8,644	2,356	0	0	0	0
Cemetery	10,000	10,000	5,867	4,133	0	0	0	0
Public Safety	3,740	4,740	4,435	305	55,000	55,000	54,037	963
Public Works	32,700	31,700	3,464	28,236	0	0	0	0
Community and Economic Development	25,000	25,000	11,321	13,679	0	0	0	0
Other Functions	8,000	8,000	7,605	395	0	0	0	0
Debt Service	16,250	15,250	0	15,250	0	0	0	0
Contingency	5,000	0	0	0	0	0	0	0
Total Expenditures	188,690	188,690	116,046	72,644	55,000	55,000	54,037	963
Excess (Deficiency) of Revenues Over Expenditures	(3,490)	(60,390)	3,965	(80,933)	0	0	0	0
<u>OTHER FINANCING SOURCES (USES)</u>								
Loan Proceeds	0	50,000	0	50,000	0	0	0	0
Net Change in Fund Balance	(3,490)	(10,390)	3,965	64,355	0	0	0	0
<u>FUND BALANCE</u> - Beginning of Year	12,000	12,996	25,683	12,687	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 8,510	\$ 2,606	\$ 29,648	\$ 77,042	\$ 0	\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	LIBRARY FUND				ROAD AND BRIDGE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>								
Taxes	\$ 25,500	\$ 25,500	\$ 28,128	\$ 2,628	\$ 60,000	\$ 60,000	\$ 56,305	\$ (3,695)
<u>EXPENDITURES</u>								
Public Works	0	0	0	0	52,500	52,500	29,173	23,327
Recreation and Culture	25,500	25,500	28,128	(2,628)	0	0	0	0
Total Expenditures	25,500	25,500	28,128	(2,628)	52,500	52,500	29,173	23,327
Net Change in Fund Balance	0	0	0	0	7,500	7,500	27,132	19,632
<u>FUND BALANCE</u> - Beginning of Year	0	0	0	0	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,500	\$ 7,500	\$ 27,132	\$ 19,632

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2005

ASSETS

Cash	
Checking	\$ 15,644
Taxes Receivable	4,474
Due from Other Governments	10,530
Due from Other Funds	773
Prepaid Expenditures	1,598
	<hr/>
TOTAL ASSETS	\$ 33,019
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,419
Due to Other Governments	23
Payroll Withholdings	1,739
Deferred Revenue	190
	<hr/>

Total Liabilities 3,371

FUND BALANCE

Reserved	
Cemetery Perpetual Care	100
Unreserved	29,548
	<hr/>

Total Fund Balance 29,648

TOTAL LIABILITIES AND FUND BALANCE \$ 33,019

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2005

REVENUES

Taxes	\$ 39,952
Licenses and Permits	2,700
State Grants	70,998
Interest and Rents	268
Other Revenues	<u>6,093</u>
 Total Revenues	 <u>120,011</u>

EXPENDITURES

Legislative	
Township Board	\$ 19,429
General Government	
Supervisor	6,727
Election	4,025
Assessor	19,353
Clerk	10,279
Board of Review	1,733
Treasurer	13,164
Building and Grounds	8,644
Cemetery	5,867
Public Safety	4,435
Public Works	3,464
Community and Economic Development	11,321
Other Functions	<u>7,605</u>
 Total Expenditures	 <u>116,046</u>
 Excess of Revenues	
Over (Under) Expenditures	 <u>3,965</u>

<u>FUND BALANCE</u> - Beginning of Year	<u>25,683</u>
---	---------------

<u>FUND BALANCE</u> - End of Year	<u><u>\$ 29,648</u></u>
-----------------------------------	-------------------------

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2005

TAXES

Current Property Taxes	\$	24,444	
Delinquent Property Tax and Interest		2,438	
Swamp Tax		43	
Summer Tax Collection Fee		2,713	
Property Tax Administration Fee		10,314	\$ 39,952

LICENSES AND PERMITS

Zoning Permits		2,275	
Dog Licenses		25	
Land Division Fees		400	2,700

STATE GRANTS

State Revenue Sharing			
Sales and Use Tax			70,998

INTEREST AND RENTS

Interest Earnings		18	
Hall Rental		250	268

OTHER

Refunds and Rebates		219	
Miscellaneous		5,874	6,093

TOTAL REVENUES			\$ 120,011
----------------	--	--	------------

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2005

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 4,716

Per Diem 200

Office Assistant 2,048

Supplies

Office Supplies 292

Other Services and Charges

Postage 47

Professional Services 3,005

Contracted Services 1,063

Communication 223

Transportation 24

Printing and Publishing 1,834

Repairs and Maintenance 55

Recycling 4,208

Miscellaneous 1,714

Total Legislative

19,429

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages 6,300

Supplies

Office Supplies 78

Other Services and Charges

Contracted Services 7

Transportation 41

Miscellaneous 301

Total Supervisor

6,727

Elections

Personal Services

Salaries and Wages 2,615

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2005

Supplies		
Office Supplies	594	
Other Services and Charges		
Contracted Services	150	
Communication	46	
Transportation	50	
Printing and Publishing	18	
Miscellaneous	552	
Total Elections		4,025
Assessor		
Personal Services		
Salaries and Wages	15,647	
Supplies		
Office Supplies	155	
Other Services and Charges		
Software	615	
Postage	416	
Transportation	90	
Contracted Services	107	
Communication	268	
Miscellaneous	2,055	
Total Assessor		19,353
Clerk		
Personal Services		
Salaries and Wages	8,838	
Supplies		
Office Supplies	216	
Other Services and Charges		
Postage	39	
Professional Services	675	
Transportation	15	
Miscellaneous	496	
Total Clerk		10,279
Board of Review		
Personal Services		
Salaries and Wages	325	
Per Diem	1,100	

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2005

Other Services and Charges		
Education and Training	165	
Miscellaneous	143	
Total Board of Review		1,733
Treasurer		
Personal Services		
Salaries and Wages	10,815	
Supplies		
Office Supplies	116	
Other Services and Charges		
Postage	637	
Printing and Publishing	875	
Miscellaneous	721	
Total Treasurer		13,164
Building and Grounds		
Other Services and Charges		
Utilities	2,837	
Insurance	5,387	
Miscellaneous	420	
Total Building and Grounds		8,644
Cemetery		
Personal Services		
Salaries and Wages	1,004	
Other Services and Charges		
Utilities	126	
Repairs and Maintenance	1,999	
Miscellaneous	2,738	
Total Cemetery		5,867
Total General Government		69,792
<u>PUBLIC SAFETY</u>		
Fire Protection		
Personal Services		
Salaries and Wages		360

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2005

Other Services and Charges		
Contracted Services	3,355	
Miscellaneous	720	
Total Public Safety		4,435

PUBLIC WORKS

Highways, Roads and Bridges		
Other Services and Charges		
Street Lights	137	
Repairs and Maintenance	3,327	
Total Public Works		3,464

COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning		
Personal Services		
Salaries and Wages	8,331	
Supplies		
Office Supplies	243	
Other Services and Charges		
Professional Services	516	
Communications	280	
Miscellaneous	1,951	
Total Community and Economic Development		11,321

OTHER FUNCTIONS

Employee Benefits		
Medicare and Social Security	5,353	
Unemployment	3	
Workers' Compensation	897	
Total Employee Benefits		6,253
Miscellaneous	1,352	
Total Other Functions		7,605
TOTAL EXPENDITURES		\$ 116,046

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
MARCH 31, 2005

		FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTAL
	<u>ASSETS</u>				
Cash		\$ 0	\$ 0	\$ 20,221	\$ 20,221
Taxes Receivable		6,960	3,674	7,348	17,982
TOTAL ASSETS		<u>\$ 6,960</u>	<u>\$ 3,674</u>	<u>\$ 27,569</u>	<u>\$ 38,203</u>
	<u>LIABILITIES AND FUND BALANCES</u>				
Deferred Revenue		\$ 414	\$ 218	\$ 437	\$ 1,069
Due to Other Governments		6,546	3,456	0	10,002
TOTAL LIABILITIES		6,960	3,674	437	11,071
	<u>FUND BALANCES</u>				
Reserved					
Road and Bridge Maintenance		0	0	27,132	27,132
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 6,960</u>	<u>\$ 3,674</u>	<u>\$ 27,569</u>	<u>\$ 38,203</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2005

	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTAL
<u>REVENUES</u>				
Taxes	\$ 54,037	\$ 28,128	\$ 56,305	\$ 138,470
<u>EXPENDITURES</u>				
Public Safety				
Fire Department				
Aid to Other Governments	54,037	0	0	54,037
Public Works				
Roads and Bridges				
Repairs and Maintenance	0	0	29,173	29,173
Recreation and Cultural				
Library				
Aid to Other Governments	0	28,128	0	28,128
Total Expenditures	54,037	28,128	29,173	111,338
Excess of Revenues Over (Under) Expenditures	0	0	27,132	27,132
<u>FUND BALANCE</u> - Beginning of Year	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 27,132	\$ 27,132

BURDELL TOWNSHIP
TUSTIN, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MARCH 31, 2005

	BALANCE			BALANCE	
	4/1/2004	ADDITIONS	DEDUCTIONS	3/31/2005	
<u>ASSETS</u>					
Cash in Bank	\$ 1,039	\$ 903,002	\$ (903,268)	\$	773
<u>LIABILITIES</u>					
Due to Other Funds	\$ 1,039	\$ 142,321	\$ (142,587)	\$	773
Due to Other Governments	0	760,682	(760,682)		0
TOTAL LIABILITIES	\$ 1,039	\$ 903,003	\$ (903,269)	\$	773

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2004 TAX ROLL
MARCH 31, 2005

TAXES ASSESSED

County		
Operating	\$	181,974
Commission on Aging		22,517
Road Patrol		28,369
Emergency Medical Service		28,149
State Education Tax		170,235
Township		
Operating		24,634
Fire Fund		53,747
Library Fund		28,369
Road Fund		56,742
School		
Pine River Area Schools		266,884
Intermediate School		
Wexford-Missaukee Intermediate		<u>169,816</u>
		1,031,436

TAXES COLLECTED

County		
Operating		158,409
Commission on Aging		19,601
Road Patrol		24,695
Emergency Medical Service		24,504
State Education Tax		156,285
Township		
Operating		21,444
Fire		46,787
Library Fund		24,695
Road Fund		49,394
School		
Pine River Area Schools		229,362
Intermediate School		
Wexford-Missaukee Intermediate		<u>147,825</u>
		<u>903,001</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2004 TAX ROLL
MARCH 31, 2005

TAXES RETURNED DELINQUENT

County		
Operating	23,565	
Commission on Aging	2,916	
Road Patrol	3,674	
Emergency Medical Service	3,645	
State Education Tax	13,950	
Township		
Operating	3,190	
Fire	6,960	
Library Fund	3,674	
Road Fund	7,348	
School		
Pine River Area Schools	37,522	
Intermediate School		
Wexford-Missaukee Intermediate	<u>21,991</u>	<u>\$ 128,435</u>

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

During the course of our audit of the basic financial statements of Burdell Township for the year ended March 31, 2005, we noted the following items:

GASB 34

These financial statements are reported under the new GASB 34 accounting standard and are much different than in the past. We recommend the Township carefully review these statements under the new accounting standard. We are available to explain the various changes in detail if so desired.

Budget

The expenditures for several activities in the General Fund and the expenditures in the Library Fund exceeded the budget. In the future, the budget should be amended before disbursements are made which exceed budgeted amounts.

In planning the budget, the Township currently uses a hybrid method, which makes it difficult to reconcile to the financial statements. We recommend the Township budget entirely by function (i.e., one amount for General Government, one for Public Safety, one for Public Works, etc.) or entirely by activity (i.e., Township Board, Supervisor, Clerk, Treasurer, Street Lighting, Planning, Zoning, Parks, Library, Building and Grounds, Cemetery, etc.).

Property Tax Administration Fee

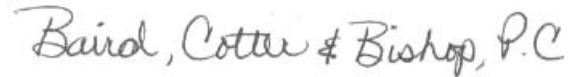
As reported in NOTE IV.E of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

We would like to thank the board for its continued confidence in our firm and to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

A handwritten signature in cursive script that reads "Baird, Cotter & Bishop, P.C." The signature is written in dark ink and is positioned below the printed name of the firm.

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

In planning and performing our audit of the basic financial statements of Burdell Township, Osceola County, Tustin, Michigan for the year ended March 31, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.